

The One Hundred and Twenty-sixth Annual Report of The Board of Directors of
The Canada Life Assurance Company, March 1st, 1973
Head Office, Toronto, Canada

AR53



BOARD OF DIRECTORS

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President

J. G. HUNGERFORD, Q.C.
Chairman of the Board

JOHN L. McCARTHY
Vice-President

E. H. CRAWFORD
Executive Vice-President

E. C. GILL, LL.D., F.S.A., F.C.I.A.
Vice-Chairman of the Board

DAVID W. BARR
President
Moore Corporation, Limited

E. JACQUES COURTOIS, Q.C.
Laing, Weldon, Courtois
Clarkson, Parsons, Gonthier & Tetrault
Montreal

NATHANAEL V. DAVIS
Chairman of the Board
and *Chief Executive Officer*
Alcan Aluminium Limited
Montreal

GÉRARD FILION, C.C.
President
Marine Industries Limited
Montreal

J. ROY GORDON, LL.D.
Director and Member Executive Committee
The International Nickel Company
of Canada, Limited
New York

J. D. LEITCH
President
Upper Lakes Shipping Ltd.

BEVERLEY MATTHEWS, C.B.E., Q.C.
Partner
McCarthy & McCarthy

The Right Honourable
LORD McFADZEAN
Chairman
British Insulated Callender's Cables Limited
London, England

NEIL J. McKINNON, LL.D.
Chairman
Canadian Imperial Bank of Commerce

ELLMORE C. PATTERSON
Chairman and Chief Executive
J. P. Morgan & Co. Incorporated
New York

GRAHAM F. TOWERS, C.C., C.M.G., LL.D., D.C.L.
Formerly Chairman of the Board

MANAGEMENT OFFICERS

W. J. ADAMS, F.S.A., F.C.I.A.
Senior Vice-President and Secretary

J. C. MAYNARD, F.S.A., F.C.I.A.
Vice-President and Chief Actuary

R. D. RADFORD, F.I.M.I.
Vice-President and Treasurer

D. D. DENNIS, O.B.E.
Vice-President and General Manager, U.K. and Ireland

J. M. MUNRO
Vice-President and Director of Agencies

J. B. WALKER, F.S.A., F.C.I.A.
Vice-President and Director, United States Division

HONORARY DIRECTORS

A. C. ASHFORTH

J. G. BEATTY, M.C., F.I.A., F.S.A., F.C.I.A.

The Honourable LESLIE M. FROST, P.C., C.C., Q.C., LL.D., D.C.L.

R. A. LAIDLAW, LL.D.

S. M. WEDD

THE REPORT

Your Directors have pleasure in submitting the 126th annual report including the financial statements for the year ended December 31, 1972. The accompanying financial statements and exhibits consolidate for the first time the operating results and financial position of The Canada Life Assurance Company of Great Britain Limited and Canada Life Insurance Company of New York, wholly owned subsidiaries of The Canada Life Assurance Company.

New business placed by our marketing organizations during the year totalled \$1,234,128,000 consisting of \$1,070,190,000 of life insurance and \$163,938,000 of annuities.

Business in force totals \$12,352,458,000 excluding reinsurance ceded to other companies. This amount includes \$10,560,581,000 of life insurance and \$1,791,877,000 of annuities.

Total revenue for the year from all sources was \$296,689,000 including \$52,729,000 in amounts received and income earned for segregated annuity funds and after deducting \$23,737,000 premium reductions (policy dividends) allotted.

Payments to policyholders and beneficiaries totalled \$137,877,000.

The assets have been carefully valued and after making ample appropriations, their total is \$1,514,026,000.

Liabilities arising from insurance and annuity contracts amount to \$1,400,182,000 including \$32,501,000 premium reductions (policy dividends) for policyholders in 1973 and subsequent years.

Surplus and reserve funds total \$92,718,000 of which \$26,000,000 is a general contingency reserve and \$66,718,000 is surplus held as an additional protection for policyholders and beneficiaries.

The Directors express their warm thanks to all members of the organization who have contributed to the excellent results of the year.

On behalf of the Board,

J. G. Hungerford, q.c.
Chairman of the Board

A. H. Lemmon
President

Toronto, March 1, 1973.

CONSOLIDATED REVENUE STATEMENT FOR 1972

WE RECEIVED

	<u>1972</u>	<u>1971</u>
Gross premiums for insurances and guaranteed annuities	\$180,603,000	\$164,516,000
Less premium reductions (policy dividends) allotted	23,737,000	21,362,000
Net premiums	156,866,000	143,154,000
Amounts received for segregated annuity funds including group transfers	30,729,000	27,115,000
Interest, dividends and rents, after deducting \$6,016,000 in 1972 and \$6,116,000 in 1971 for expenses related to investments	90,435,000	80,756,000
Profits on sale of assets and recovery of amounts previously written off	2,829,000	2,321,000
Increase in market value of assets held for variable contracts, including \$14,250,000 in 1972 and \$8,328,000 in 1971 for segregated annuity funds	15,830,000	12,003,000
	<u>\$296,689,000</u>	<u>\$265,349,000</u>

WE PAID OR SET ASIDE FOR FUTURE PAYMENT

	<u>1972</u>	<u>1971</u>
To policyholders and beneficiaries:		
Death benefits	\$ 44,079,000	\$ 40,658,000
Disability benefits	10,529,000	9,741,000
Matured endowments	10,105,000	9,618,000
Annuities	20,375,000	17,316,000
Cash surrender options	52,789,000	38,139,000
	<u>137,877,000</u>	<u>115,472,000</u>
Interest on amounts left on deposit with the Company and on short-term borrowings	3,309,000	3,329,000
The increase in funds required for future payments guaranteed under insurance and annuity contracts	62,795,000	57,123,000
Expenses of administration, sales and service (excluding investment expenses)	40,956,000	37,137,000
Income, premium and sundry taxes	6,437,000	7,243,000
Amount written off assets	2,958,000	4,455,000
Increase in segregated annuity funds	38,979,000	38,341,000
Addition to general contingency reserve	1,000,000	1,000,000
Addition to surplus held as an additional protection for policyholders and beneficiaries	2,378,000	1,249,000
Balance at Dec. 31, 1972	\$66,718,000	
Balance at Dec. 31, 1971	\$64,340,000	
	<u>\$296,689,000</u>	<u>\$265,349,000</u>

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

AT DECEMBER 31, 1972

ASSETS

	<u>1972</u>	<u>1971</u>
Bonds:		
Government	\$ 130,895,000	\$ 132,870,000
Municipal	47,271,000	53,476,000
Public Utility	49,448,000	47,185,000
Other Corporation	276,328,000	249,349,000
	<u>503,942,000</u>	<u>482,880,000</u>
Mortgage Loans	517,196,000	500,678,000
Stocks:		
Preferred	25,318,000	18,652,000
Banks and trust companies	23,828,000	25,169,000
Other common	167,449,000	134,280,000
	<u>216,595,000</u>	<u>178,101,000</u>
Properties held for investment	56,092,000	52,032,000
Loans on policies	133,264,000	129,728,000
Office premises	25,620,000	20,269,000
Cash and interest bearing deposits	30,360,000	13,541,000
Premiums in course of collection	8,688,000	8,302,000
Interest and rents due and accrued	17,295,000	15,686,000
Other assets	4,974,000	5,892,000
	<u>\$1,514,026,000</u>	<u>\$1,407,109,000</u>

LIABILITIES AND SURPLUS

	<u>1972</u>	<u>1971</u>
Amount required, in addition to future premiums and interest, to provide for payments guaranteed under insurance and annuity contracts	\$1,145,909,000	\$1,083,114,000
Funds held for segregated annuities	163,959,000	124,980,000
Benefits in course of payment and provision for unreported claims	21,178,000	19,353,000
Amounts left on deposit with the Company	36,635,000	39,080,000
Premium reductions (policy dividends) to be allowed in 1973 and subsequent years	32,501,000	29,636,000
Miscellaneous liabilities (including amounts in suspense and provision for outstanding taxes and expenses)	21,126,000	21,606,000
General contingency reserve	26,000,000	25,000,000
Surplus held as an additional protection for policyholders and beneficiaries	66,718,000	64,340,000
	<u>\$1,514,026,000</u>	<u>\$1,407,109,000</u>

SCHEDULE OF SECURITIES HELD AT MARKET VALUES FOR VARIABLE CONTRACTS

AT DECEMBER 31, 1972

(included in consolidated statement of assets and liabilities)

	<u>1972</u>	<u>1971</u>
Bonds:		
Government	\$ 2,816,000	\$ 4,199,000
Municipal	3,053,000	3,302,000
Public Utility	7,979,000	8,680,000
Other Corporation	44,641,000	28,475,000
	<u>58,489,000</u>	<u>44,656,000</u>
Mortgage Loans	32,255,000	25,015,000
Stocks:		
Preferred	2,178,000	939,000
Banks and Trust Companies	10,390,000	11,640,000
Other Common	77,828,000	53,310,000
	<u>90,396,000</u>	<u>65,889,000</u>
	<u>\$181,140,000</u>	<u>\$135,560,000</u>

AUDITORS' REPORT

To the Policyholders and Directors of
The Canada Life Assurance Company:

We have examined the consolidated statement of assets and liabilities of The Canada Life Assurance Company and its subsidiaries as at December 31, 1972 and the consolidated revenue statement for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; the amounts required to provide for payments guaranteed under insurance and annuity contracts were determined and certified by the company's Vice-President and Chief Actuary.

In our opinion, based on our examination and the certificate of the Vice-President and Chief Actuary, these financial statements present fairly the financial position of the companies as at December 31, 1972 and the results of their operations for the year then ended in accordance with accounting practices prescribed or permitted by the Department of Insurance, Canada.

Toronto, Canada
February 14, 1973.

CLARKSON, GORDON & CO.
Chartered Accountants

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

at December 31, 1972

1. The 1972 financial statements consolidate for the first time the operating results and financial position of The Canada Life Assurance Company of Great Britain Limited and Canada Life Insurance Company of New York, wholly owned subsidiaries which were incorporated in 1971 and recorded as investments at their net worth at December 31, 1971. The comparative figures for 1971 have been restated on a consolidated basis to correspond with the 1972 form of presentation. In addition, the result of health insurance business and the health insurance contingency reserve, shown separately in 1971, have been included with surplus in 1972 held as an additional protection for policyholders and beneficiaries.
2. The values at which the bonds and stocks are shown are amortized cost or less, except for assets held for variable contracts which are valued at market. (See separate schedule.) The valuations of these securities prescribed by the insurance law of Canada, in total, are greater than the book values converted at corresponding rates of exchange. Properties held for investment and office premises are shown at cost less appropriate accumulated depreciation.
3. Throughout these statements, United States currency is included at the rate of \$1.00 Canadian to the U.S. dollar. Sterling is included at \$2.60 Canadian to the pound. If current rates of exchange had been used in the statement of assets and liabilities, there would have been no material change in the surplus shown.
4. At December 31, 1972 assets included in the accompanying consolidated statement of assets and liabilities held in trust by The Canada Life Assurance Company (exclusive of its subsidiaries) for the protection of its United States policyholders totalled more than \$226,000,000 which exceeded net liabilities to its United States policyholders at that date.

In addition the net worth of Canada Life Insurance Company of New York available for the protection of its policyholders at December 31, 1972 is \$3,583,000.

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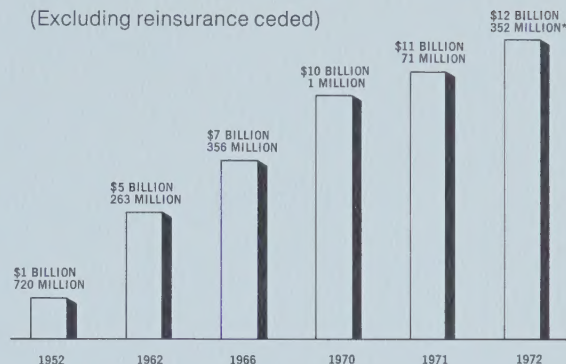
NEW BUSINESS PLACED BY MARKETING ORGANIZATIONS

	Annualized New Premiums (000)	
	1972	1971
Individual		
Insurances—Annual Premiums	\$ 9,642	\$ 8,520
—Single Premiums	98	128
Annuities—Annual Premiums	2,183	1,327
—Single Premiums	11,641	13,094
Health Insurance	207	122
Equity Funds	6,231	2,251
Total Individual	<u>\$30,002</u>	<u>\$25,442</u>
Group		
Insurance and Annuities	\$ 4,341	\$ 5,485
Health Insurance	1,822	2,118
Equity Funds	12,753	7,865
Total Group	<u>\$18,916</u>	<u>\$15,468</u>
Total Individual and Group	<u>\$48,918</u>	<u>\$40,910</u>

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LIFE INSURANCE AND ANNUITIES IN FORCE

(Excluding reinsurance ceded)



*Life Insurance —\$10 billion, 560 million
Annuities —\$ 1 billion, 792 million

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PAYMENTS UNDER POLICY CONTRACTS

	in millions	
	1972	1971
Death and Disability Benefits	\$ 54.6	\$ 50.4
Endowments	10.1	9.6
Annuities	20.4	17.3
Cash Surrender Options	52.8	38.2
Total	<u>\$137.9</u>	<u>\$115.5</u>

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DIVERSIFICATION OF INVESTED ASSETS

	%
Government Bonds	8.8
Municipal Bonds	3.2
Public Utility Bonds	3.3
Other Corporation Bonds	18.6
Preferred and Common Stocks	14.6
Mortgage Loans	34.9
Properties Held for Investment	3.8
Policy Loans	9.0
Miscellaneous	3.8
(Office Premises, Cash etc.)	
Total	<u>100.0</u>

